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1929



THE TARIFF.

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SPEECH

OF

HON. L. Q. C. LAMAR,  
OF MISSISSIPPI,

IN THE

SENATE OF THE UNITED STATES,

WEDNESDAY, FEBRUARY 7, 1883.

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WASHINGTON.

1883.



S P E E C H  
OF  
H O N . L . Q . C . L A M A R .

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The Senate, as in Committee of the Whole, and having under consideration the bill (H. R. 5538) to reduce internal-revenue taxation—

Mr. LAMAR said:

Mr. PRESIDENT: I have taken no part in the debate on this bill, but have listened to it with great attention and have noted the votes on the various amendments which have been proposed to the measure under consideration. The progress of the discussion and the votes together show that it is impossible to effect any large reduction or any material reduction of the taxes and at the same time retain the system of "protection for protection's sake." One or the other must be given up. The demand for the reduction of taxes, which has of late years become so urgent, has imposed a hard and delicate task upon the party in power, and they confessed their inability to perform it by creating a Tariff Commission. This expedient would have been entirely unnecessary had we nothing else to do than to settle the relation of taxation to revenue. Indeed, it would seem that with a too abundant revenue no task would be easier to perform, and more agreeable and grateful in the performance, than that of lifting from the people the burden of taxation which they felt to be unnecessary and therefore oppressive; and I suppose history does not furnish another instance of a people being heavily and needlessly taxed for a long series of years for no other reason except that their rulers were unable to devise a method of reduction.

But, sir, the cause of this has been manifested in the progress of this measure through the Senate. This body is concerned, not with the relation of taxation to revenue—that would be a simple matter—but with the relation of manufactures to the method of collecting the revenue. Hence it is that upon each article of taxation the rate is determined here by the question, not how low a duty can be laid with a view to reduce revenue, but how high a one is needed to maintain the manufacture of the corresponding article in this country. The Senator from Maine, in an able speech at the last session, made this very clear. After declaring himself in favor of "protection for protection's sake," he says:

If there was no public debt, no interest to pay, no pension-list, no Army and no Navy to support, I should still oppose free-trade and its twin sister, tariff for revenue, and be in favor of protective duties.

Well, sir, we have been living for twenty-three years—eighteen of them years of peace—under a tariff for protection, whose duties are universally admitted to be too high with respect either to revenue or to taxes. It has been retained on the statute-book and enforced upon the people during that long period not because it was needed to pay the public debt or the interest upon it; not because it was needed to support the Army or Navy or to defray the other expenses of government, but because it was a system of protective duties which could not be disturbed without also, as it was urged, disturbing the manufactures



which it had been designed to build up and shelter from competition.

There is therefore this conflict between the public demand and the convictions of the party in power. The people demand a reduction of this burden of taxation, but the party in power has for twenty years insisted that it is no burden at all but a blessing to the whole country. They assert, and have done so repeatedly in this debate, that the duties upon imported articles do not go into the price of the articles at all, but that their effect is simply to put upon the market the corresponding products of home manufacture at cheaper prices to the consumer and to reduce those of the imported articles also. They have insisted that this high tariff has favored the working classes by reducing the money price of the most important productions and at the same time by increasing the wages of labor, so essential to the maintenance of our institutions and the welfare of our people. They have pressed the argument that this protective system, as it now exists, by diverting labor from the unremunerated pursuits of agriculture to the more productive industry of manufactures, inviting capital into these more profitable investments, has increased the annual product of the nation's wealth and diffused its benefits throughout the Republic. They have pointed to the magnificent development of our varied industries, dwelling upon their benefit to all classes—farmers, capitalists, and laborers alike—and claimed that it is due to the existing system of protection.

The great manufacturing industries have been bound to its support by the belief that their prosperity depends upon its maintenance. In a word, sir, as I first remarked, they have maintained and do maintain that this so-called burden of taxation which the people say must be reduced is no burden at all, but a blessing, which increases the profits of capital, raises the wages of labor, cheapens the prices of products, and puts us all in funds. Its advocates, therefore, can not take a step toward the reduction of tariff taxation without contravening the fundamental principles upon which the protective system rests; for if it confers all these blessings, if it does increase the annual product of the nation's wealth, if it does raise the wages of labor and the profits of capital at the same time and cheapen the products of consumption as well, to repeal it, or to reduce it, or to modify it is simply to diminish if not to destroy these great and important benefits to the country.

The Senator from Vermont [Mr. MORRILL], who has in charge the measure before us, in presenting it as a scheme of reduced taxation did not seem to enter upon his novel rôle with the zeal and ardor that are usual to a new convert. His introductory speech, made January 10, 1883, seemed to me more calculated to invite opposition than to attract support to his proposed measure. Speaking of its revenue features, he says:

But without taking into the account any of these contingencies, which certainly indicate their coming by the shadows visible in their front, there will be a positive deficit in the estimated amount of revenue required to meet the expenditures of the Government unless much larger importations shall be received from which the revenue from customs can be largely increased. It is true also that the coinage of the silver dollar is likely to continue, and this will absorb at least \$24,000,000, or render that amount practically unavailable.

Under these circumstances the sudden reduction of so large an amount of the national revenues at a single blow, as proposed, is surely quite as far as prudence will allow us to go, and possibly further.

But when he comes to the economical and social aspects of the measure his predictions are almost gloomy and his words of warning are almost solemn. He says:

We must not conceal from ourselves that so general a change to lower duties,

carrying a downfall in values, will seriously affect those with stocks on hand, and the doors we also open to labor abroad will to some extent shut out labor at home. Some industries, it is to be feared, can not be maintained except by a reduction of wages. Already some large iron establishments are shut up, and in Philadelphia alone 10,000 looms are said to be idle. There has been an overproduction in other articles than whisky, and nowhere more extravagant than in the 11,000 miles of railroad built in 1882. Storm-signals of late have been frequently visible in the financial horizon. Those who believe that monetary crises are periodical now fear the decennial return of that of 1873.

After such a peculiar advocacy as this, it is perhaps not so strange that we should witness, as we do, a party proposing a measure purporting to be a general reduction of revenue, and yet upon each separate item a majority of its members protesting against the reduction, because a higher tax is a protection and a lower one an incurable wound to some great industry essential to the welfare of the people.

Mr. President, I think the time has come when we should deal more explicitly with the American people upon this subject. I think that our friends on the opposite side of the Chamber should say—and if they do not, that I should say—that protection and low taxation are not compatible. You can not make the two systems blend. A protective tax is a high tax; and a low tax, to the extent that it does not check importations, becomes non-protective. Why not let the people know the truth? They are not averse to taxation. They have always been ready to tax themselves willingly whenever satisfied that the object is a legitimate one, and the mode of assessing and collecting the tax a proper one. Why not declare to them: If you want the blessings of protection; if you want our industries maintained by the aid of the Government as a great symmetrical system, you must make up your minds to pay the cost and make the sacrifice necessary to maintain such a system and scorn the temptation of low taxes and cheap foreign goods?

The Senator from Vermont says that this bill is based upon the report of the Tariff Commission. I propose to call attention to that report. The testimony taken by the commission fills two large volumes of 2,600 pages. These pages certainly present a most remarkable—I may say imposing—exhibit of the condition of American manufactures and of the genius and capacity of our people for those mechanic arts and scientific appliances which have done so much for the elevation and civilization of the human race. As we read the reports made of the marvelous progress and achievements of these varied industries, the effect on the mind is as vivid as though it were produced by a scenic representation, or as if these great industries—could such a thing be possible—were passing before us in stately procession. And, sir, when we take in the full magnitude of these interests, the number of establishments, the vast amount of productive capital, the number of persons employed, the aggregate sum of wages paid out, and the value of their annual product, reaching this year it is said to \$5,000,000,000, making this the foremost manufacturing nation of the globe, we can but feel the sentiment of pride which the honorable Senator from Vermont so eloquently expressed.

On the other hand, there are unfavorable indications, calculated to excite grave doubts as to their healthy condition, and to cause the suspicion that the effect of this protective policy has been to enervate and emasculate these industries, and has perhaps obstructed a growth which without such stimulns would have been not as rapid perhaps, but more sure, more healthful, and more self-sustaining. According to the testimony of all the accredited agents and representatives and organs of these industries, their condition is, and has for years been,



that of great depression and distress, and in many cases of impending insolvency. This is the uniform declaration of their associated agents, and of every witness who appeared in their behalf so far as I can remember before the commission—that they were incapable of conducting their business unless aided and sustained by the taxes imposed upon the people through the agency of the Government. From the uniform current of testimony on this subject I will cite a few instances.

THE IRON AND STEEL INTEREST.

Mr. James Park, president of the convention of iron and steel manufacturers, held at Cresson, Pennsylvania, September 12, testified before the commission. He placed before that body a paper prepared by Mr. Swank, who is known as an able defender of the system. In this paper he says:

In many cases Treasury rulings adverse to the spirit of our protective laws have been as fatal to our iron and steel industries as adverse legislation. Under the rulings of the Treasury Department upon a provision of the present tariff the duty on tin-plates has been fixed at 1.1 cents per pound, yet the tin-plate industry does not have an existence in our country to-day. The duty on iron cotton-ties has been fixed by the courts at 35 per cent.; but under this ruling their manufacture in this country during the past few years has entirely ceased.—*Tariff Commission Report*, page 2019.

It is a great fallacy to suppose that, because our leading industries have now been built up under a policy of protection, they no longer need the same measure of protection that they have received in the past. Every industry in this country which takes raw materials and converts them into finished products by the labor of men's hands will always need just as much protection as will cover the difference in wages between this country and Europe. The American statesman who should theoretically evolve a tariff system that would be based upon the assumed ability of domestic manufacturers to withstand sharper competition with foreign manufacturers than they now have would not only unwisely and unpatriotically invite that competition, with silent American workshops certain to follow, but he would also closely imitate that peculiar English philanthropy which takes no account of the rights of labor and concerns itself only with the demands of capital. Our protective policy must be maintained in all its original scope and vigor for the benefit of American labor.—*Tariff Commission Report*, page 2022.

[William H. Wallace, Steubenville, Ohio—pig iron interest.]

While it is no doubt true, as Mr. Swank says in his report, "that a number of furnaces always must be out of blast while undergoing repairs or waiting for fuel, while others are undesirably situated or are old-fashioned in construction and must eventually be abandoned," yet it is also true that that is not the only reason, and does not apply to a large percentage of cases. Within our own knowledge many furnaces have been stopped by reason of the fact that the business was unprofitable; that the market would not absorb the product except at the unremunerative rates fixed by foreign competition. In fact, in the Ohio Valley region it has become a common saying that "a furnace without a mill attached to consume its product is a poor investment."

We think it is safe to say that there is no business in the country to-day, of any magnitude, that is more uncertain and that promises less opportunity for profit than the manufacture of pig-iron, and from the protection of which from foreign competition the country would derive greater benefit.

Makers of pig-iron are more fearful of the foreign manufacturer of the same product than the makers of any other manufactured product in the country, and watch with greater anxiety the rates of freight and the market prices of the article in the warehouses and metal yards of Great Britain.—*Tariff Commission Report*, page 2030.

The story is an old one. While all other branches of business are prospering, and while comparatively little of the finished product of iron is imported, we see our markets constantly filled with foreign brands of pig-iron, our furnaces idle, and our pig-iron producers crushed beneath the load of foreign iron made with cheap labor, and brought over with low freights, or as ballast.—*Tariff Commission Report*, page 2031.

In conclusion we desire to say that we firmly believe that, with the present prices for ore in this section of the country, if the tariff on pig-iron should be reduced from the present rate of \$7, it would cause a large proportion of our fur-

naces to be blown out, and, if it is not placed nearer the old rate prevailing in 1870, we shall go on in the unsatisfactory way that we have been doing; our furnaces leading an uncertain career of running and stopping, at times a majority out of blast, at other times a majority only, not all of them, in blast.—*Tariff Commission Report*, page 2031.

Something is radically wrong, and it seems to us that it is the tariff. We protect other manufactures of iron in which the workmen receive much higher wages, but pig-iron, which employs and pays the lowest rate of wages in the business, is the branch which has the least proportionate protection, and which is the first to suffer from any threatened change.—*Tariff Commission Report*, page 2032.

John M. Stockdale *et al.*, of Washington, Pennsylvania—wool-growing interest.]

Our people allege that, taking into consideration the circumstances by which they are surrounded, the increase of the price of the land, the increase of the labor expended upon the production of wool, the increase of the price of food which they have to give to these sheep to make their business successful, that the prices they are able to command at the present are insufficient to justify continuance in the business. The production of wool has so enormously increased in Australia and contiguous colonies, from 13,000,000 sheep in 1860 to seventy or seventy-five millions in 1880, that competition is so great that it threatens destruction to the wool-producing industry in Washington County, and other counties similarly situated. As you know, farmers, as a rule, are very slow to change their business, and to get into a new business is also a very expensive thing, such as changing from the culture of sheep to cattle, from cattle to horses, or from one kind of stock to another, and it is a thing they do not like to undertake. I have been told that within the last year the ordinary pursuits of agriculture in Washington County, properly followed, have been more profitable than the production of wool; and many of the largest wool-producers in our county are considering the propriety of changing their business to that of ordinary agriculturists. I should regard a general change of this character as a public calamity.—*Tariff Commission Report*, page 1989.

And we further state that the present duties levied on the importation of wool of 3 cents per pound on the cheaper qualities, and 12 cents per pound and 11 cents per pound *ad valorem* on the highest grades, is wholly inadequate and insufficient to afford the protection absolutely necessary to successful production here.—*Tariff Commission Report*, page 1991.

It should also be stated that the capital invested in the production of wool in this county alone is more than \$3,000,000, and in the United States approximates \$300,000,000, and that the business gives employment to hundreds of thousands of people. For these and many reasons not here named it is the opinion of this meeting that on wool that now pays a duty of 3 cents per pound there should be levied a duty of 9 cents per pound, and on all other wool a duty of 15 cents per pound and 20 per cent. *ad valorem*. Equitable and impartial legislation would seem to demand that if the farmer is called upon to support and pay high protective duties on the large number of articles which he is compelled to buy that he is entitled to a protective duty on the single article of wool which he sells.—*Tariff Commission Report*, page 1991.

We regard the business of wool-growing in this region of country, in which we have been engaged for many years and in which a large part of our capital is involved, as now in danger of being seriously or fatally crippled, and that therefore the interest of the country and the welfare of the people that are engaged in the business should have the immediate consideration of those who influence protective legislation.—*Tariff Commission Report*, page 1991.

[Hon. W. S. Shallenberger, of Rochester, Pennsylvania—wool-growing interest.]

In regard to the subject of wool, I may say that of all industries it is the one that is purely national. We have increased the production of wool from about 60,000,000 pounds in 1860 to 290,000,000 pounds at the present time, and that should be a full demonstration of the fact that we can produce in this country all the wool that is needed, as in fact we do with the exception of about 13,000,000 to 15,000,000 pounds of fine wool—the amount imported into the country in 1881. Out of the entire importation of 55,000,000 to 60,000,000 pounds of wool—the wool which entered into competition with American—amounted, as I am reliably informed, to not exceeding 15,000,000 pounds. Hence I say we have demonstrated the fact that under the existing tariff we have reached almost that point when we produce as much as our manufacturers demand.

In the county which I am here to represent, as the gentlemen who are associated with me will tell you, the production of fine wool is rather on the de-

crease. Land is too high, averaging perhaps \$75 per acre. The growing of fine sheep there is not found to be as profitable as it was a few years ago, and it will become a serious question with the farmers very soon as to whether they shall not give up raising fine sheep and producing fine wool, and allow other sections of the country more favorably situated as to cheap lands and climate—I mean the southern and western sections of the country—to take up the business of wool growing. (Page 2107.)

There has been a vast increase in sheep-growing in Australia within the last two decades, so marvelous that to-day Australia has almost double the number of sheep in all her provinces that we have in this country. She has a climate in which sheep can live all the year round without shelter, and upon pasturage which is abundant. The relations of this country to Australia have changed during that time, and the effect upon the price of foreign wool has been very apparent, so that if the tariff were reduced now the importation, say, of 99,000,000 or 100,000,000 pounds of wool in 1880 and 55,000,000 or 60,000,000 pounds in 1881 would be probably 150,000,000 or 250,000,000 pounds annually, which would absolutely destroy this industry of ours.—*Tariff Commission Report*, page 2108.

We have 42,000,000 sheep, while Australia has 72,000,000.

We have been testing for years under the stimulus of our present tariff the most favored sections of our country, and still the production is not equal to the home demand. Reduce the tariff and protection will be less, while importation must be greater. If the older States, where land is high, can not afford to grow wool under the present tariff, still less could they afford it under a reduced tariff. If capital has not been tempted sufficiently thus far into more favored sections for the purpose of growing wool at present prices, still less will it be tempted to those sections should the tariff be reduced, and foreign wool brought in competition at still lower prices. I do not think any portion of our country can or will produce wool as cheaply as other countries. Labor must be higher here because it must be intelligent. Land is higher and growing higher. Climate anywhere requires shelter and some feeding.

The mere question as to the cost of woollen fabrics is comparatively insignificant. Sheep husbandry can not be imperiled without great loss to the country. It supplies cheap, wholesome meat, which is one of the heavy items of expense in every family. All meat food is lower in price because of mutton in every market; but for sheep, fresh meat would be impossible in thousands of families. An industry so general, that feeds and clothes our people as no other nation is clothed, that reclaims waste lands and enriches all soil, is an industry that should receive full protection from tariff legislation.

I would therefore protest against the slightest reduction in the tariff duties on wool, unless possibly on the very lowest grades of wool, which do not enter into competition with that which is profitably produced in this country.—*Tariff Commission Report*, page 2108.

I do insist that no reduction shall be made upon clothing wool, and in doing that I ask that which is in the interest, as I believe, of the whole country and not alone in the interest of any particular section.—*Tariff Commission Report*, page 2109.

The production of wool is of infinite importance to the agricultural industry, by abstracting labor and capital from the production of cereals, which have been produced so largely that, even with the increased consumption, we are not able to consume all we raise, and have to export vast amounts.—*Tariff Commission Report*, page 2109.

Then, again, the price of wool to-day would not be, on the average, 20 cents a pound in the foreign markets but for the fact that we have 300,000,000 pounds of wool here to compete with it. The protective tariff has enabled us to produce this amount of wool, and hence has kept down the foreign price. So with every other industry.

I trust the commission will carefully consider these facts, and under no circumstances recommend a reduction of the duties upon the medium grades of wool.—*Tariff Commission Report*, page 2109.

[John McDowell, president Washington County (Pennsylvania) Agricultural Association—wool growing.]

By Commissioner GARLAND:

Question. I believe the number of sheep in Washington County is put at about 600,000?

Answer. Yes, sir.

Q. How does that compare with the number in 1867, when the present tariff was enacted?

A. I think there are fewer sheep now; that is my impression.—*Tariff Commission Report*, page 2111.

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By Commissioner GARLAND:

Q. Can you give us an idea of the number of sheep in the United States that produce that quality of wool; I speak of the Saxony wool?

A. I will include the Saxony, the Silesian, and all. I do not think, putting all together, there has been 3,000 pounds of superfine wool produced in the United States for the last three years.

Q. How many sheep of this class does Washington County supply?

A. There are not 5,000 head of this kind of sheep here.—*Tariff Commission Report*, page 2113.

[Julius Le Moyné—the wool interest.]

I have no particular statement to make except to say that our wool interest here in this immediate vicinity is declining rapidly. I think in the last ten years it has declined 25 per cent. These facts I believe are against the figures of the census, but we do not feel responsible for them. These are facts within my own personal knowledge.—*Tariff Commission Report*, page 2114.

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There is a dissatisfaction among part of our wool-growers in regard to the price of wool, but my conviction is that that has arisen from the high price to be obtained from other farm products.—*Tariff Commission Report*, 2115.

[Mr. ASA Manchester, of Washington County, Pennsylvania—wool-growing.]

We claim that Washington County, Pennsylvania, West Virginia, and Eastern Ohio produce the best wool in the world. It is a wool that we can not well do without. All the finest class of goods are made from the wools that are produced here, and no such goods can probably be made from wools brought from any other place. I do not think we can continue, however, to produce this wool in the face of the competition we have to contend against in the importation of wool from Australia and other countries. Land there is cheap, and the expense of keeping sheep is much less than it is here.—*Tariff Commission Report*, page 1965.

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One-fourth of the people who were in the wool-growing business in this county have already gone out of the business because they say it will not pay them; and if they are left without sufficient encouragement in the way of a protective tariff nearly all the rest of them will go into some other branch of business. We do not want to do this; we would rather raise wool than to raise other products, because we think our county is well adapted to the raising of wool. We ask, then, for an increase in the tariff rates; but if you do not think it is just and fair, why, do not give it to us. The reason we ask for an increase is because there are to-day large duties put upon imported goods and other things that we use, and we only want to be put upon an equality with others. We think other interests in the country are better protected than ours. We ask you to look at the matter in this light, and if you can give us any encouragement I hope you will do so.—*Tariff Commission Report*, page 1996.

PHILADELPHIA, PA., October 14, 1882.

Mr. T. C. Search of Philadelphia, representing the worsted spinners, addressed the commission as follows:

"Gentlemen, a tariff to be of value must be protective in its operations, and to be protective it must insure the parties protected by preserving to them a legitimate profit on the business in which they are engaged over and above their foreign competitors. This is the kind of tariff needed by the worsted spinners of this country. The vital question before us, then, is to have a tariff so adjusted as to protect us in this profit in all the ordinary conditions of trade, and yet under extraordinary conditions, such as scarcity of raw material or some unusual demand for our products, one that will operate as a governor to save consumers from exorbitant prices and increase of values that might otherwise prevail. The worsted spinners desire a tariff for protection only and not for speculative purposes."—*Tariff Commission Report*, page 2353.

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We have passed through many periods of depression caused by the enormous competition among ourselves as manufacturers, these being eventually dispelled by the natural growth of our country. Since the beginning of the year 1880 we have been passing through just such a trial, working on the most favored styles with barely a living profit, and on the great bulk of our business with practically none at all, and on a very considerable portion a positive loss; and during all this time the raw material values have been maintained almost without any fluctuation.—*Tariff Commission Report*, page 2358.

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The protection on this class is not sufficient for us, considering the protection



on the raw material. We can not make these fine yarns in competition with the foreigner; our facilities for doing so are too limited, and the demand, by reason of unequal protection, too limited to warrant the creation of plants necessary for their cheap production; and yet we see 25,000,000 yards of cloth, largely of this character, imported into this country.

Here is a case in which further facts and figures seem unnecessary. Manufacturers here have, one after another, tried to make them, and failed. Within two years' time we have seen a most successful English manufacturer send his looms to this country, with skilled men to manage them, and yet absolutely fail to make the goods without loss here that he is making in England and selling in America at a profit.

We believe this result to be largely attributable to an unforeseen action of our tariff laws. These laws say that on all goods weighing four ounces and over per square yard the duty shall be 50 cents per pound and 35 per cent. ad valorem; this is equivalent to 12½ cents per yard and 35 per cent. This protection is probably sufficient, but the foreigner eludes it by making his goods weigh very slightly less than four ounces per yard, and lands them here, paying only 8 cents per square yard and 40 per cent. duty, a loss of 50 per cent. and over of the specific duty by conceding only 5 per cent. on the ad valorem.—*Tariff Commission Report*, page 2359.

We believe that instead of limiting the protection on yarns above 80 cents to 50 cents and 35 per cent. the duty should go on by regular increments as the price on manufactured goods advances. (Page 2359.)

Question. If they had had a purely ad valorem tariff instead of this compound one the difficulty would not have arisen?

Answer. No, sir; not if the tariff had been a sufficiently ad valorem tariff. (Page 2360.)

[Frank L. Bodine, Pittsburgh, Pennsylvania—manufacturers of window-glass.]

Question. You state, then, that the glass manufacturers of the United States would be unable to stand any reduction in the present rates, if there was a general reduction made on all articles now dutied?

Answer. I state that any reduction would destroy the business. I am unable to indicate any point where we could stand any reduction in the duties.—*Tariff Commission Report*, page 2007.

[N. T. De Pauw, New Albany, Indiana—glass manufacture.]

Question. Are you satisfied with the present rate of duty?

Answer. We are satisfied with the duty upon the large sizes, which is four-fifths or 80 per cent. of our product, but not upon the small, say, one-fifth. I think my father's idea is to ask an advance of the rate of duty on small glass.—*Tariff Commission Report*, page 937.

By Commissioner PORTER:

Q. In brief, what do you consider the advantages of your location?

A. I consider that there is no better location to be found in the United States.

Q. Explain why.

A. In the first place, New Albany is a healthy and desirable place to live; farm and garden products are abundant and cheap. We get our mixed sand as cheaply as it can be procured anywhere else, and lime and grindings much more cheaply; we can get our soda-ash as cheaply as it can be procured at any point in the West.—*Tariff Commission Report*, page 939.

Q. You think the present rates on the smaller sizes are not adequate to protect the manufacturer, as I understand; can you suggest any simplification of the present rates of duty?

A. I presume I could by a little study.—*Tariff Commission Report*, page 939.

Q. What would be the effect on your business of a reduction of the duty, say of 25 per cent?

A. It would stop us.—*Tariff Commission Report*, page 940.

Q. What would be the consequence to the consumers of a reduction of duty?

A. I presume for a year or two, probably, plate-glass would be cheaper, and then it would probably go back to the old figures, for this reason: The foreign manufacturers would put it down to drive us all out of the business. Every one who is engaged in manufacturing recognizes the fact that nothing depreciates so rapidly as manufacturing machinery when not in use. Three years would put our factories in such shape that it would cost nearly half their value to put them in order again. Of course if they did not put up the price we would have no assurance in the world but what they would drop prices on us again, hence



no one would risk capital to put in order and start up the abandoned works, and the foreigners would again have the monopoly they enjoyed for so long.—*Tariff Commission Report*, page 940.

[W. C. De Pauw, of New Albany, Indiana, page 1530, report of Tariff Commission—glass industry.]

In conclusion permit me to call your attention to the following facts:

First. That all money put into plate-glass works in America prior to 1879 had been a total loss.

Second. That some of the shrewdest, most energetic, and successful business men in Boston, New York, Philadelphia, Detroit, Chicago, Saint Louis, and Louisville had in the aggregate invested millions in plate-glass enterprises and lost the whole of it.

Third. That no plate-glass had been made in America without loss to the maker prior to 1879.

Fourth. That I, instead of having made a large fortune in a few years as represented, have actually lost more than half a million dollars over and above all small, very small, profit made since 1878.

Fifth. That after a long, earnest struggle I have succeeded in making good glazing plate-glass at a small profit.

Sixth. That Americans are paying about half as much for plate-glass to-day as they paid prior to the time plate-glass was made in the United States at my works.

Sir, do not these facts create the suspicion that this protective system, which has so long been burdening the people, has something in it which defeats its own object and causes a blight to pervade the manufacturing industry of the country, and threatens to blast it in all its branches? Can any advocate of protection say that the condition of our manufactures, as pictured in these volumes, and reproduced by Senators on this floor, realizes the promises which were made of a great diversified industry, complete in all its parts and sufficient unto itself? Sir, putting out of view all the millions of taxes which it is alleged—I think upon good grounds—it has cost our people to produce this result; putting out of view the burden and obstruction to the growth and prosperity of all the other great industries of the country, I ask is this present relation of manufactures to the Government, which has been brought about by the protective system, and which would not have existed but for that system, a desirable one? What is that result? A vast organization of capital and labor and product, dependent for its continued existence upon the taxes of the Government.

It seems to me that the most sanguine admirer of our system of manufacturing industries, in reading the accounts which the manufacturers give of their own business, would tremble at the enormous proportions to which they have grown with the slender and uncertain foundation upon which the system rests. They will tell you, sir, themselves, that they have no self-sustaining vitality; that the principle of their existence is not, like those of agriculture and commerce, in the material resources and natural conditions of our country, but alone in the Government and its taxing power.

Sir, if I am supposed to be exaggerating the effect of this I can only answer that I am simply asserting of the whole system what honorable Senators have said of each particular branch of it. If it be true that these industries can not exist without the aid of taxes levied by the Government; and if Congress, recognizing this fact, levies duties for the purpose of maintaining them, they are not really industries, but Government manufactures, political establishments, branches of the public service; as much as are the Army and Navy and diplomatic corps or any of the departments of administration.

Sir, we have had a great deal to say of late about the corruptions growing out of the vast patronage of the Government. The source of this evil was held by both Mr. Calhoun and Mr. Webster to be in the

dependence of 60,000 people, who held employment under the Government, upon those in power for their subsistence. They believed that a power so unlimited and despotic over this numerous and powerful corps of office-holders would corrupt and debase those who composed it into the supple and willing instruments of power, and at the same time work a fearful change in the character of the Government itself. Now, this protective system produces precisely the same result that Mr. Webster and Mr. Calhoun saw in the workings of official patronage. It has obtained control of the capital and labor of this entire industry, and bound it, through its interest, to the support of the party in power.

According to the declarations of the advocates of high duties, the laborers in these manufactures built up by protection depend for their bread upon the rate of taxes levied in this bill. If what they say is true all this vast amount of capital and the operatives, amounting according to their representations to over a million of persons, are hanging in suspense for their food and clothing and shelter and supplies for their wives and children, as well as for employment at all, upon a vote of ayes and noes. A policy which has established this relation of the Government to so large a part of the capital and labor of the country—a relation of absolute control on the one hand and of absolute dependence and subjection on the other—must involve many and disastrous changes in our political system. I call attention to one or two. It is an incubus upon the Government and obstructs the freedom of its action in the adoption of any policy looking to the welfare of the whole people. Suppose we should come to the conclusion that commercial freedom was the true policy of this Government; why, sir, a Congress of free-traders charged with the responsibility of forming a revenue system would shrink from putting their own theory into operation in view of the ruin and distress which it is declared would follow upon these industries under a radical change of our system of taxation.

Take another view. If there is any point on which the great body of the people of this country are united it is on the desire for a reduction of public burdens. Both parties profess to favor it. Suppose that we should begin an earnest effort to reduce expenditures to the lowest point of an economical administration of the Government, so that the taxation could be correspondingly reduced and its burden appreciably lightened? It could easily be done, sir. The payment of the public debt will in a few years cease to be a charge upon the Treasury; it will either be extinguished under the policy of those who wish to rid the Government of its connection with banks, or it will become a permanent fund at a very low rate of interest, as the basis of our national bank currency. In either event it will not much longer be in the way of a reduction of taxes. There are many other points in respect to which the expenses of the Government could be largely reduced, and the people be thus proportionally relieved. But, sir, the moment we should take a step in that direction we would find ourselves hampered and hindered by the necessity fastened upon the Government of supporting these manufacturing interests, whose prosperity, they tell us, depends upon high taxes, a plethoric Treasury, and large expenditures.

Sir, why should this system of protection be kept up at such a cost and such a sacrifice to the people of this country when it has produced such results? This doctrine of a protective system rests upon the assumption that it is necessary to the independence of the country that it should produce all the commodities essential to the use and consumption of the whole people; that it gives us a diversified industry, and that

it also builds up a consuming class for the agricultural products of the country. No argument is needed to demonstrate the importance and necessity of the development of manufactures as one of the elements of the national strength, but, sir, can we not have the manufactures without the burden of a protective tariff? Is it true that diversification of industries is a thing unattainable in this country, with its almost infinite variety of climate, soil, productions, and interests, except at the cost and sacrifice which this system of protection entails?

Sir, there have been long periods of time in the history of this country when protective tariffs were not in operation. Did our manufactures cease to exist during those periods? I have before me Bishop's History of American Manufactures from the earliest time down to 1863. No one can read this history—although written by a protectionist—without becoming convinced that American manufactures are the natural growth of this country and have demonstrated their capacity to exist and grow and thrive under any kind of tariff, high or low, protective *per se*, or for revenue only. Sir, long before the era of protective tariffs, long before we had a national tariff of any kind—indeed, from the earliest Colonial period down to the Revolutionary war—manufactures existed and flourished and attained a vigorous life and an ample development exposed to foreign competition, unaided by the legislation of the mother country, and in defiance of its hostile and prohibitory enactments. Speaking of the natural tendency of settlers to industries in the direction of manufactures the author of this work says:

Gathered from the productive ranks of the most active and ingenious nations of Europe, with a preponderance of the Anglo-Saxon element, their colonial training was well fitted to develop habits of patient toil, self-reliance, ready invention, and fertility in the use of resources. These qualities, so necessary to success in all the practical arts, were conspicuous in the American character. A varied and dexterous mechanical industry was almost universal. Upon this basis had been long growing up a comprehensive scene of domestic household manufacture from native materials of great aggregate value, which had materially lessened the annual balance against the Colonies, and had promoted the comfort of all classes.—*Bishop's History of American Manufacture*, volume 1, page 13.

Again he says:

Even at the present day many countries which were reckoned elders in the family of nations ere the ring of the ax was heard in the forests of America are essentially less independent in regard to some products of manufacture than were the American Colonies at the period of the Revolution. (Page 24.)

As illustrative of this tendency to arts and manufactures may be mentioned the fact that the first exports sent from the American Colonies to Europe "consisted almost exclusively of manufactures in the strictest sense of the term."

We have heard some discussion here of the per cent. necessary to secure the home market for the manufacture of glass, in which my friend from North Carolina [Mr. VANCE] participated with his usual ability. Perhaps it may shed some light upon this subject to state that one of the chief articles mentioned in the cargo of a vessel of the London company employed in the early efforts to make settlements upon the coasts of North America, on her return voyage, was glass. Concerning this article the author says:

The glass-house stood in the woods about a mile from Jamestown, and although very unpretending in its dimensions and appointments, it was doubtless the first manufactory ever erected in this country. (Page 26, volume 1.)

This was in 1608. Beverley, in his History of Virginia, observes that in 1620—

Many of the people became very industrious and began to vie with one another in planting, building, and other improvements. A salt-work was set up at Cape

Charles, on the Eastern Shore, and an iron-work at Falling Creek, in Jamestown River, where they made proof of good iron ore, and brought the whole work so near a perfection that they writ word to the company in London that they did not doubt but to finish the work and have plentiful provision of iron for them by the next Easter. (Page 28.)

The candid historian is, however, compelled to state that these manufacturing enterprises were not destined to a long existence in Virginia. They had to succumb to competition; not the competition of foreign pauper labor, Mr. President, but to a competitor then, as now, more formidable than pauper labor, to wit, the superior attractions of agriculture. The cultivation of tobacco became profitable and all the artisans quit their work and devoted themselves to its culture. In assigning the cause of this change of pursuit, Bishop says:

The Virginia colonists were essentially planters, and regarded commercial as well as manufacturing pursuits as less respectable than agriculture. The climate and the fertility of their soil and the cheapness and abundance of the land enabling many to acquire estates almost manorial in extent, all concurred with the native tastes of the inhabitants in fostering this sentiment. (Page 35.)

But when we come to the industrial history of the Northeastern and Middle Colonies we find a people and a country to whom manufacturing enterprise was more congenial. Bishop says:

With a sterile soil and a rugged climate, they early betook themselves to manufacturing and commercial enterprises; and so successfully, that at the present day there is scarcely a useful art of ancient or modern times that is not "naturalized" among them, and scarcely a region of the globe so remote or inaccessible that is not familiar with the products of their labor. (Page 36.)

He states further, that—

The first products of the industry of the Plymouth Colony, of Rhode Island, and probably of others, sent to a foreign market, were manufactured from the almost inexhaustible wealth of the American forests. (Ibid.)

Ship-building commenced within three years after the landing of the Plymouth Colony—an industry in which this country reached pre-eminence at an early day and maintained it till a late period in our history, when its decadence began and continued rapidly from causes about which there is controversy. Just a century before the Declaration of Independence seven hundred and thirty vessels were built in Boston and its vicinity. (Page 47.)

I can not here go over all the manufactures of which this author gives account; but there is not an industry whose products are enumerated in the schedules of this bill but was established and in operation throughout the American Colonies. Chemicals, pottery, glass; metals, iron and steel; woods; liquors, distilled and fermented; cotton, woolen, silk, flax, paper, leather, lumber, and a long list of other fabrics. I can only call especial attention to the then condition of the industries which are now before us asking protection; I mean cotton and woolen, iron and steel. In the earliest settlement of the Colonies, the manufacture of cotton, woolen, and linen came into existence and attained vigorous growth. In reference to cotton, the author from whom I am quoting, after a lengthened discussion as to the precise date, makes a statement which seems to me to be well supported by the facts adduced, namely, that—

The use of cotton in textile fabrics has existed in this country from as early a date as in England. The system pursued in the two countries also, and the description of cloth made, were not dissimilar. (Page 309, volume 1.)

It appears from this history that Colonel Heathcote, who was a member of the council, made a report to the board of trade, in which he says that he had "labored to divert the Americans from going on with their linen and woolen manufactures. He says they were already



so far advanced that three-fourths of the linen and woolen used was made among them—especially the coarse sort, and if some speedy and effectual ways are not found to put a stop to it they will carry on a great deal farther, and perhaps, in time, very much to the prejudice of our manufactories at home.” (Page 329.)

On page 330, Bishop says:

Cotton was regularly imported in small quantities chiefly from Barbadoes, but occasionally also from Smyrna and other places to which trade extended, and was made into fustians and other stuffs with linen thread. But linen then subserved nearly all the purposes for which cotton is now employed, and hence the attention given to the cultivation of the flax and hemp plants. The linens made at that time were for the most part of a coarse texture. The kerseys, linsey-woolseys, serges, and druggets consisted of wool variously combined with flax or tow and formed the outer clothing of a large part of the population during the colder seasons. Hempen cloth and linen of different degrees of fineness, from the coarsest tow cloth to the finest Osnaburg or Holland, constituted the principal wearing apparel, outward and inward, at other times.

On page 331, he says:

The dress of apprentices and laborers early in the last century almost invariably comprised shirts of this home-manufactured “Ozenbrig,” made of hemp or flax, and varying in price from 1 shilling to 1 shilling and 6 pence per yard, and vests and breeches of the same or of coarse tow-cloth. Coats or doublets and breeches of leather or enduring buckskin and coats also of kersey, druggel, duroy, frieze, &c., felt hats, coarse leather shoes with brass buckles and often wooden heels, and coarse yarn or worsted stockings were the common outer habiliments of that class, and were principally of home manufacture.

Further on the same page, he says:

About the year 1719 a considerable improvement was made in the linen manufacture in this country by a number of Protestant people from the North of Ireland who introduced a better knowledge of the cultivation and manufacture of flax and the linen or foot-wheel for spinning flax.

I will not go on further with the details of cotton, woolen, and linen manufacture. The author, speaking of the progress of it up to the Revolutionary war, concludes by saying:

It may be questioned if the people of that day were not as really independent of other countries for such necessities as their descendants at present. (Page 416.)

I commend this statement to the consideration of Senators who are insisting upon protection to this species of manufacture to-day.

There are various accounts in this volume from which I am quoting of the establishments of glass manufactures in Massachusetts, New Jersey, Pennsylvania, and New York. They were not quite so prosperous as other industries. One of the causes he mentions as a difficulty in their way was the temptation to artisans to abandon their trades to become agriculturists and land-owners. He says, on pages 236, 237:

In January, 1767, Sir Henry Moore, governor of New York, writing to the Lords of Trade, in obedience to their circular letter of August, in the preceding year, dwells on this tendency of labor to desert the factory for the field as an antidote to all successful attempts at manufacture in the dependencies. Even servants, imported from Europe for different trades, so soon as their indentures expired quit their occupations and obtained a small piece of land. The satisfaction of being land-holders prompted them to endure every privation for a few years in preference to a comfortable subsistence easily procurable in their trades. He informs their lordships that the master of a glass-house set up in the province a few years before, then a bankrupt, assured him that his ruin was attributable to no other cause than being deserted in that manner by his workmen whom he had imported at great expense. Many others had suffered equally with himself from the same cause.

But the progress of the manufacture of glass during that period was



remarkable. An extract is given from a letter written by Mr. David Rittenhouse, speaking of a glass tube made at a factory near Philadelphia, where there were several iron-furnaces and glass-works. It reads:

I am obliged to you for the glass tube; it will make a pretty barometer, though the bore is somewhat too small. I have compared it with an English tube, and do not think the preference can with any reason be given to the latter.

Contemporaneously with the manufacture of cotton and woolen in the Colonies was that of iron. As early as 1645 regular works were established at various points:

On the 6th of May, 1646, Mr. Jenks was granted by the Legislature a patent for fourteen years "for the making of engines for mills, to go by water, for the more speedy dispatch of work than formerly, and for the making of scythes and other edged tools with a new invented saw-mill, that things may be afforded cheaper than formerly, &c., yet so as power is still left to restrain the exportation of such manufactures, and to moderate the prices thereof, if occasion so require." In May, 1655, he was accorded another patent for an improvement in the manufacture of scythes, "for the more speedy cutting of grass, for seven years." The innovation consisted in giving greater length and thinness to the blade and in welding a bar of iron upon the back to strengthen it, as in the modern scythe. This was an essential improvement upon the old form of the English scythe, which was a very clumsy instrument, short and thick like the bush or stub scythe. No radical change has since been made in the form of the instrument." (Pages 476, 477.)

Furnaces, founderies, rolling-mills, bloomeries, forge-hammers, nail-works, wire-mills, all had a solid basis and rapid growth. Bells, firearms, sheet-iron for tin-ware, wire, &c., were made in large quantities. Cut and hammered nails, spades, shovels, card-teeth, swords, scythes, metal buttons, cannon-balls, &c., were all at that time articles of manufacture.

The Senator from Vermont [Mr. MORRILL] boasted the other day about the perfection to which the American ax had been brought, and I believe he said that Mr. Gladstone in making a present to some association, town, or city had selected an American ax for that purpose. Let me convince the Senator that the perfected American ax is the offspring of the unprotected genius and skill of Colonial manufacture, and not that of the modern protected industry. On page 630, volume 1, of the author I quote, I find:

A dangerous rivalry to British iron interests was apprehended in the American States, not only in the production of rough iron, from the cheapness of fuel, and the quality of the iron, but also in the articles of steel cutlery and other finished products, from the dexterity of Americans in the manufacture of scythes, axes, nails, &c. In these they exceeded the French and most European nations, as well in the style and finish as in the quality of their articles, being made from the best iron, &c.

Wire-drawing is also mentioned as being an industry in the year 1666 of the Colonies.

I can not go further with these details. Though exposed to the full brunt of British competition, these iron industries as well as the woolen, linen, and cotton industries not only maintained themselves at home, but they became the aggressors—they literally "bearded the lion in his den," and exported their products to England. From 1728 to the Revolution, pig and bar iron became articles of regular export to the mother country. Here are the tables which I believe I will ask permission to print as a part of these remarks. They are on page 628 of Bishop's History, volume 1.

*Pig and bar iron exported from the North American Colonies from 1750 to 1756.*

Year.	Iron.	New England.	New York.	Pennsylvania.	Maryland and Virginia.	Carolina.	Totals.
		<i>T. c. q. lb.</i>	<i>T. c. q. lb.</i>	<i>T. c. q. lb.</i>	<i>T. c. q. lb.</i>	<i>T. c. q. lb.</i>	<i>T. c. q. lb.</i>
1750.....	Bar.....				5 17 3 0		5 17 3 0
	Pig.....	21 1 2 8	75 12 1 4	318 9 3 11	2,508 16 1 25		2,924 0 0 20
1751.....	Bar.....		2 0 0 0		3 4 2 9		5 4 2 9
	Pig.....	9 16 2 13	33 0 3 22	199 15 2 22	2,950 5 3 15	17 14 0 12	3,210 13 1 0
1752.....	Bar.....			61 16 2 5	16 10 2 21		81 7 0 26
	Pig.....		41 5 0 0	156 8 2 26	2,762 8 0 4	20 0 0 0	2,980 1 3 2
1753.....	Bar.....	2 8 0 19		147 13 2 1	97 18 0 19		217 19 3 11
	Pig.....	40 10 1 7	97 4 3 2	242 15 1 0	2,347 9 2 18	10 0 0 0	2,797 19 3 27
1754.....	Bar.....		6 10 0 0	110 9 3 24	153 15 1 8		270 15 1 4
	Pig.....	4 16 0 22	115 16 2 0	512 19 3 12	2,591 4 3 17	20 0 0 0	3,244 17 1 23
1755.....	Bar.....		11 12 0 0	79 5 0 20	299 1 3 0		389 18 3 20
	Pig.....		457 8 0 14	836 6 1 0	2,132 15 1 22	14 13 0 0	3,441 2 3 8

In addition to the foregoing there were exported to Scotland during the last sixteen years the following quantities, namely:

Period.	Bar-iron.	Pig-iron.
	<i>T. c. q. lb.</i>	<i>T. c. q. lb.</i>
In ten years, 1739-1749.....	10 13 2 11	263 18 2 0
In six years, 1750-1756.....		228 13 1 10

From about this period to the Revolution there was a considerable increase in the exportation, especially of bar-iron, as appears from the following table:

*Amount of bar and pig iron exported from all the Continental Colonies to England in each year from 1761 to 1776.*

Year.	Bar-iron.	Pig-iron.
	<i>T. c. q. lb.</i>	<i>T. c. q. lb.</i>
1761.....	39 1 0 0	2,766 2 3 12
1762.....	122 12 2 14	1,766 16 0 2
1763.....	310 19 3 2	2,566 8 0 25
1764.....	1,059 18 0 0	2,554 8 3 21
1765.....	1,078 15 0 16	3,264 8 1 22
1766.....	1,257 14 3 9	2,887 5 1 15
1767.....	1,325 19 0 18	3,313 2 1 19
1768.....	1,989 11 0 6	2,953 0 2 14
1769.....	1,779 13 1 23	3,401 12 2 2
1770.....	1,716 8 0 21	4,232 18 1 18
1771.....	2,222 4 3 24	5,903 6 3 13
1772.....	965 15 0 23	3,724 19 2 25
1773.....	837 15 0 6	2,937 13 0 2
1774.....	639 0 0 23	3,451 12 2 19
1775.....	916 5 2 11	2,996 0 2 24
1776.....	28 0 0 0	316 1 2 8

While I am on the subject of exports, perhaps it may be as well to say, for the benefit of my friend from Nebraska, that the Colonies in 1770 were exporting a large amount of lumber, embracing boards, plank, scantling, timber for masts, spars, and buildings; staves, heads, headings, hoops, poles, frames of houses, &c. (See Bishop, volume 1, page 115.)

The growth of these industries was so rapid that they excited the jealousy and apprehension of English manufacturers. Remonstrances and representations from iron-masters show that Colonial iron manufacture was thus early regarded as a rival to that of the mother country.

Iron-masters, tanners, and owners of coppices in the neighborhood of Sheffield were alike apprehensive that the iron-works erected at great expense would be ruined; the laborers be rendered destitute or forced to emigrate; and the tanneries be left without bark from the woods remaining uncut, or the land being converted to tillage, unless the number of forges should be increased and of furnaces lessened by removing the duty from pig-iron only. The plenty and cheapness of wood would enable American iron to undersell the British, and thus ruin the trade, while the iron manufacturers, rendered wholly dependent on so distant and precarious a source for material would probably decay and reduce thousands of workmen to want and misery. (Page 626.)

As a most effectual means—

Says Bishop—

of preventing such manufactures as would interfere with their own, the Parliament passed an act to encourage such crude manufactures as pig, sow, and bar iron, hemp, &c.

But while the production and exportation of bar and pig iron was

thus encouraged by having the duties repealed, the other clause, to arrest Colonial manufactures, was as follows:

From and after the 24th day of June, 1750, no mill or other engine for slitting or rolling of iron, or any plating forge to work with a tilt-hammer, or any furnace for making steel shall be erected, or after such erection, continued in any of His Majesty's Colonies of America.

The navigation act of 1650 and 1651 confined the trade of the Colonies and all Colonial production to British ports. By the act of 1661 cotton and wool grown or manufactured in the Colonies were forbidden to be shipped to any port except England, and in 1669 all woolen manufactures were forbidden to be exported to any place. (See Bishop, volume 1.)

This concludes what I have to say, sir, of our manufactures during our Colonial period down to the Revolution, during which time the Colonies grew and prospered not only unaided by the legislation of the mother country but in spite, as I said before, of her unfriendly and prohibitory enactments. The only encouragement they received was that of a few bounties and premiums from the local authorities such as our own States and towns often give in these days.

All honor to the noble men in whose patient toil, self-reliance, and unconquerable energy were laid the foundation of these great arts which have done so much to adorn and elevate and perfect the civilization of this continent.

During the Revolutionary War the growth of manufactures was greatly stimulated. The effect of the close of the war was injurious to the business interests of the country at first. All its industries shared in the depression. The manufacturing classes being in cities and centers of population could act in combination and get up petitions and memorials setting forth their sufferings and thus make them more apparent than could the agricultural classes, who were scattered and less able to move in concert. But in truth all interests were prostrated by the long and impoverishing war. Of course Mr. Bishop attributes the prostration of manufactures to "the flood of European imports which were poured into the country." He says:

Many new and important establishments had been entirely ruined by enormous importations which followed the peace.

In point of fact there were, as shown from his own pages, no greater importations immediately after the peace than there were for some years before the war.

Mr. President, at the adoption of the Constitution there can be no doubt that the founders of our Republic were profoundly impressed with the necessity of preserving our manufactures. We had just emerged from a war in which our existence was at stake. The nation was then in its infancy, and weak in all the elements of national security. Their eyes were fixed on their relations with other countries, and they felt the deep necessity of the full command by the Government of the entire power and resources of the country to the preservation of the nation's independence and existence. Manufactures were regarded, and very wisely, as one of these elements of the national strength. But, sir, a close scrutiny of the views of these early founders of our Republic will show that they regarded this fostering of manufactures as a temporary policy adapted to a nation in the infancy of its existence. Washington placed his recommendation on that ground. In his first message he said:

The safety and interest of the people require that they should promote such manufactures as will render them independent of others for essential—particularly military—supplies.

The First Congress in its action looked to the same result, and adopted a resolution ordering the Secretary of the Treasury to report some plan "for the promotion of such manufactures as will tend to render the United States independent of other nations for essential—particularly military—supplies."

Now, sir, I wish here to call special attention to the response which Alexander Hamilton, who was then Secretary of the Treasury, makes to this resolution. Observe, sir, this was in 1791. His report shows the condition in which manufactures were after undergoing and passing through all the prostration and distress consequent upon the return of peace, "against which the old Confederation could provide no remedy, while the inharmonious and conflicting laws of the several States could give but partial relief within their own jurisdiction."

Sir, that report exhibited the fact that our manufactures had passed through that most trying of all ordeals, transition from disorganization to reconstruction, strong and vigorous. In January, 1791, Mr. Hamilton made his report. Of course it advocated protection to manufactures by bounties and tariff duties; but the point to which I desire to call especial attention is his report at that time as to the condition of manufactures.

#### IRON.

Under the head of "Iron" he says:

Proofs have been received that manufactories of iron, though generally understood to be extensive, were much more so than was commonly supposed. Iron-works were carried on more numerous and more advantageously than formerly, and the price of iron had risen chiefly on that account from \$64, the average before the Revolution, to about \$80. In the manufacture of steel considerable progress had been made, and some new enterprises on a more extensive scale had been lately set on foot. The United States already in a great measure supplied themselves with nails and spikes. \* \* \* Implements of husbandry were made in several States, and could be made to supply the whole country. Edge-tools of different kinds were also made, and much hollow-ware.

#### COPPER.

Manufactures of copper were also of great extent and utility.

#### WOOD.

Several manufactories of this article flourished in the United States. Ships were nowhere built in greater perfection, and cabinet-wares generally were made little if at all inferior to those of Europe. Their extent was such as to have admitted of considerable exportation, and exemption from duty of all woods used in manufacture seemed to be all that was required.

#### SKINS.

In the principal branches the progress was such as nearly to defy foreign competition. Tanneries were carried on both as a regular business and as incidental family manufacture.

#### SAIL-CLOTH

already employed a flourishing factory at Boston. Manufactures of paper were among those which arrived at the greatest maturity, and were almost adequate to the national supply.

The first tariff that was imposed certainly recognized the principle of protection. So far as it can be invoked on the constitutional question it furnishes a precedent, though certainly the duties were for revenue purposes, and at the lowest rates which have ever existed in this country.

#### 1789-1801.

The Senator from Maine [Mr. FRYE], in the speech to which I have already referred, uses the following language:

History repeats itself. Our periods of prosperity have been the years of protection; of adversity, those of free trade. By free trade I mean a tariff for revenue only. In 1789-1801 we had protection; in 1801-1812, free trade; in 1812-1816, protection; in 1816-1824, free trade; in 1824-1833, protection; in 1833-1842, free



trade; in 1842-1847, protection; in 1847-1861, free trade; in 1861-1881, protection again.

Mr. President, was the first tariff, the tariff of 1789, a tariff for protection? I respectfully deny it. I will show that that tariff was a tariff for revenue, with incidental protection, and that protection very slight. It is here before me in Young's Statistics on Customs-Tariff Legislation:

On cloth manufactures and textile fabrics, 7 per cent.; on iron manufacture,  $7\frac{1}{2}$  per cent. ad valorem.

I can cite abundance of authority to my aid on these points. Horace Greeley, in his work on Political Economy, page 34, speaking of our manufactures, characterizes the first tariffs as "scarcely a skirmish-line of legislative defense against a powerful, determined, and often crushing foreign rivalry." On page 247 he says:

Though protection to manufactures had been declared in its preamble as one of the purposes of the first tariff formed and passed under the Federal Constitution, \* \* \* it was not until 1824 that a measure of exclusive protection \* \* \* became a law of the land.

I could quote an abundance of other authorities. Albert Gallatin speaks of the growth of our manufactures as due to many causes, with no other aid except the incidental protection derived from the tariff. I admit, sir, it was a period of great prosperity, and that manufactures prospered under that low-revenue tariff with incidental protection.

#### 1801-1812.

But, sir, why does he put down the period from 1801 to 1812 as a period of free trade? I can not tell; for all the tariffs imposed after 1798 until 1861 continued to assess higher and higher duties; but all of them were low-revenue tariffs with incidental protection. Nor do I see why this period from 1801 to 1812 should be characterized by him as one not only of free trade but of adversity. It was during this period that our nation, thanks to a low tariff, was enabled to avail itself of its neutrality, and to obtain the large carrying trade of that period, and to assume such a high and honorable position among the commercial nations of the earth.

The export trade of the United States in the year 1807 reached a higher value than in any other year previous to 1838. It had increased in sixteen years to \$89,331,109. The domestic exports amounted to \$48,000,000, and the foreign to \$59,000,000. Assuming the population to have been 6,300,000, the total exports of the country averaged \$17.19 for each individual, while the total value per capita of exports in 1790 was \$4.84. (See Bishop, vol. ii, pages 120, 121.) These exports embraced manufactures to the value of \$2,309,000. The American tonnage employed in the foreign trade as compared with that of all other powers so employed was in the proportion of more than 12 to 1. There was a large surplus in the Treasury, after paying a large amount of public debt. It was a period of steady growth and prosperity.

Mr. SAULSBURY. Louisiana was purchased in that period.

Mr. LAMAR. Yes, sir; we were enabled not only to extend our commerce, but, as the Senator from Delaware suggests, also to extend the area of our national territory by the purchase of Louisiana.

Speaking of the year 1807, Bishop says that "labor and capital began from this time to be more than ever directed to manufactures, and small cotton factories were rapidly multiplied."

The number of cotton factories, woolen factories, glass factories of blown and cut-glass, nail factories, breweries, copper and tin factories,

wire-weaving and riddle factories, brass founderies, potteries, and tanneries is so great that I shall not take the time of the Senate or encumber the RECORD with the account of them as chronicled by the author I am quoting. Perhaps it will suffice to call attention to Mr. Gallatin's report on manufactures submitted to Congress on the 7th of June, 1808. I commend it to your study and consideration. I cannot quote from it at any length, but will give one or two extracts from it. He says:

The following manufactures were ascertained to be carried on to an extent which might be considered adequate to the consumption of the United States, as the value of their products annually exported exceeded that of the foreign articles annually imported—

Manufactures of wood or of which wood is the principal material, leather and manufactures of leather, coarse earthen-ware, and many other articles.

The following branches are firmly established, supplying in several instances the greater, and in all a considerable part of the consumption of the United States, namely: Iron and manufactures of iron; manufactures of cotton, wool, and flax; hats, paper, printing-types, printed books, playing-cards, spirituous and malt liquors; several manufactures of hemp, gunpowder, window-glass, jewelry, and clocks; several manufactures of lead, straw bonnets, hats, and wax candles.

Progress had also been made in the following branches—

I can not go on, Mr. President, with these details, but the whole report shows that the manufacturing condition of the country during this period which the Senator calls the period of free trade, was one of abundant prosperity in all the departments of American industry. And I desire to impress upon Senators that at this early day an American Secretary of the Treasury had declared as "firmly established" the very industries which to-day are declared to be incapable of being carried on without the protection of high duties.

On May 1, 1813, a digest of the census of 1810 was submitted to Congress by Mr. Tench Coxe, Assistant Secretary of the Treasury. That report declared that the several branches of manufacture had advanced since the autumn of 1810 at the full rate of 20 per cent. I will give but one more extract from this report:

The whole population, taken at 8,000,000 of persons, will produce in the current year an aggregate value of manufactures exclusive of doubtful articles, of \$200,000,000. \* \* \* The general result furnished a gratifying comparison with the product of English manufactures, which, in 1787, when the population of England alone was about the same as that of the United States at this time, or 5,000,000 were computed at \$266,000,000. This state of manufactures has been in a great measure attained by the United States \* \* \* with only an incidental support from Government, while England has been for hundreds of years progressing under many forms of governmental aid."

This concludes the period of 1801 to 1812. Would any one call it a period of adversity? The Senator calls it a period of free trade. Mr. Gallatin and Mr. Greeley and Mr. Coxe called it a period of revenue duties with a slight incidental protection.

1812-1816.

But the Senator says that from 1812 to 1816 was a period of protection and prosperity. Sir, it was a period of war and of war duties and manufacturers enjoyed that kind of development and prosperity which war engenders. This prosperity was the result of the concurrence of many causes. The exemption of manufactures from all competition by the entire suspension of commerce by the war and the embargo preceding it was one cause. But another was the great inflation of the currency growing out of the enormous issues of paper money both by the Government and the numerous banks which were chartered at that time,

each pouring out its worthless issues that were never to be redeemed. Prices rose high, profits of all kinds of industry increased, and manufactures sharing in the profits multiplied in number and increased in production.

The Senator says it was a period of prosperity. I admit it, and cite it to show the continued and increasing prosperity of American manufactures through periods of low duties and of high duties, through peace and war, up to the year 1816.

1816-1824.

I can account for the Senator's declaration that the period from 1816 to 1824 was a period of adversity. It was so in many respects, as I will show directly. But why should he call it a "period of free trade?" Why, Mr. President, the tariff of 1816 was the inauguration of the protective system in the United States. Can it be possible that I have to prove this? Hear what Mr. Webster says about it in his speech in 1824:

We hear of the fatal policy of the tariff of 1816; and yet the law of 1816 was passed avowedly for the benefit of manufacturers, and, with very few exceptions, imposed on imported articles very great additions of tax, in some important instances, indeed, amounting to a prohibition.

I cite Mr. Greeley next:

Hence—

Said he—

John C. Calhoun, though a protectionist while in the House, as he showed in framing and advocating the tariff of 1816, became an intense free-trader, &c.

Again, Mr. Greeley, on page 247 of his *Political Economy*, says that—

The tariff of 1816 was made undeniably and stringently protective in its duties on cotton fabrics and on some manufactures of iron.

I make one other citation, from Lossing's *History of American Arts and Manufactures*:

The Congress now possessing ample powers to levy taxes and to regulate the commerce of the country, domestic and foreign, proceeded, under the wise leadership of Alexander Hamilton, the first Secretary of the Treasury of the new nation, to the delicate and important task of laying the foundations of the financial and commercial policy of the United States. That policy was defined in his report of December, 1791, on the manufactures of the country, in which he proposed a tariff for revenue so high that it would operate practically as a tariff for protection. It was not, however, until 1816, that a tariff was established avowedly for protection.

Up to that time there had been twenty-five acts in which tariffs had been established, all for revenue; in the spring of that year the first of a series of tariffs for the protection of American manufacturers was established, under the sanction of President Madison. It was the progenitor of all the subsequent protective tariffs.

Sir, if the Senator could satisfy the intelligence of this country that the tariff of 1816 was not a protective tariff he would perform a service for John C. Calhoun in vindicating his name and fame from a charge of having once supported a protective tariff which Mr. Calhoun when living confessed upon the floor of the American Senate that he could not perform for himself. In one notable debate between himself and Mr. Webster, upon the subject of protection, Mr. Webster, after summarizing rapidly his own reasons for supporting protection, many of which were the repetitions of those which Mr. Calhoun had given in 1816, he turned to that Senator and said: "Mr. President, in all this I may be wrong and in error, but if so there sits my seducer." After Mr. Clay and Mr. Clayton twitted him with being the author of the protective system in this country he rose and with that candor which marked all his utterances declared that the state of the country immediately after the war of 1812, and his desire to make our nation secure and independ-

ent and complete in every resource of power, misled him into a policy whose practical effects had convinced him of its unjust, oppressive, and pernicious character.

There is no question, sir, about the distress and disaster and universal depression which occurred during this period last referred to. Here, sir, is what Mr. Henry C. Carey says of that period:

Protection afforded by the war caused a considerable increase in iron manufactures, but there exists no reliable statistics in regard thereto. Peace in 1815 was followed by the so-called revenue tariff of 1817, and that in turn, as is so well known, by the closing of factories and furnaces; by the ruin of manufacturers and merchants; by the discharge of workmen everywhere; by the stoppage of banks; by the bankruptcy of States; by the transfer of the real estate of the Union, and by an impoverishment of our people generally beyond all former precedent.

Mr. Mathew Carey, speaking in his *New Olive Branch*, thus describes the condition of Pittsburgh in 1819:

This city in 1815 contained about 6,000 inhabitants; it exhibited as exhilarating a scene of industry and prosperity as any place in the world; its immense local advantages seated at the confluence of two noble rivers forming the majestic Ohio, its boundless supplies of coal and the very laudable enterprise of its inhabitants had for a long time rendered it the emporium of the western world; but, alas, the immoderate influx of foreign manufactures poured in there shortly after the peace produced a most calamitous reverse.

I pause in this quotation a moment, sir, to remark that the influx of foreign manufactures at that time was less than it was in 1807 (a period of great manufacturing prosperity, as I have already shown), and could not therefore have produced the calamitous reverse. But to proceed with the quotation:

The operations of the hammer, the hatchet, the shuttle, the spindle, the loom, ceased in a great degree. Noble establishments which reflected honor on the nation were closed; the proprietors ruined; the workmen discharged; a blight and a blast overspread the face of the city; and the circumjacent country which had shared in its prosperity now equally partook of its decline.

Now, sir, if these terrible scenes so vividly described by the two Careys were due to the tariff of 1816, then, sir, it must be conceded that they were the results of a tariff which Mr. Webster declared "was passed for the benefit of manufacturers," and Mr. Greeley declared was undeniably and strictly protective in its duties. They certainly can not be ascribed to the influence of "a tariff for revenue only."

I do not say, for I do not think, that this state of things was caused by that tariff. In the recent discussions on financial questions both sides agreed that the great revulsion of that period was caused by a disordered currency.

Upon the return of peace and the renewal of trade our manufacturers, habituated to the absolute command of the home market and inflated prices, had to meet foreign competition with prices down to their natural level. The currency was suddenly contracted from \$145,000,000 to \$45,000,000. A revulsion followed, fearful in its extent and terrible in its ravages; but it embraced in its desolating sweep all the industries, agriculture, manufactures, and trade alike. Its effect upon agriculture was more enduring than upon manufactures.

The farming people at such times, Mr. President, live very closely and try to bear the hard times with greater self-denial and patient toil, but the manufacturers clamor for legislative relief and high tariffs, and, sir, not without effect. The tariff of 1818 was passed, but the duties, though much higher than those of 1816, were not high enough to satisfy the manufacturers; another still higher tariff was passed in 1819; but protection begets protection, and this was followed by the tariff of 1824, which Mr. Greeley styled "the tariff of unqualified protection."



But, sir, injurious as was that financial crisis upon agriculture and commerce and manufactures, upon investments of capital and profits of business and rewards of labor, the facts chronicled in the history from which I have so often quoted prove that manufacturing as an industry was not overthrown nor its power of growth vitally impaired.

A brief account of the increase of manufacturing establishments during this period shows that while protection could not avert the disasters which caused a general overturn of all industries, there was in American manufacture the same recuperative power, the same native genius, skill, and capacity to adapt means to ends and develop greater resource under adversity that mark the American character in all other departments of human endeavor; that while the war had increased the number of mills and drawn larger capital and extended the industry, it had lagged behind in the improvements that had taken place elsewhere; that the competition which drove weak and unskillful establishments from the field could not shake those establishments which resorted to modern improvements in machinery; they show that no matter how depressing the times might be, capital and skill, which in eras of cheap prices are hunting for safe and profitable investments, found them in the new manufactures which were being established all over the country.

1824-1833.

The Senator from Maine says that from 1824 to 1833 was a period of protection and prosperity. True, so far as the protection is concerned, for the tariff of 1824 was a tariff of "unqualified protection," and that of 1828 was the well known "bill of abominations."

I must say, however, that the picture drawn by Mr. Clay, and quoted by the Senator, of the unexampled prosperity of that period was a little too bright with the tints of oratory and rhetoric. In the sober colors of historical statement the effect is somewhat subdued. Bishop says:

An unusual degree of distress prevailed at this time among the manufacturers of New England, particularly in the cotton branch, producing numerous failures and great depreciation of the value of stocks. The cause was by some ascribed to the disappearance of specie, and by others to overspeculation, which had tempted great numbers into manufacturing with insufficient capital and consequently overproduction.

Again, Bishop tells us that in consequence of the tariff of 1824, a large amount of capital had, during a number of years past, been attracted to the woolen manufacture.

But what was the result of this policy of diverting enterprise from agriculture into this and other branches of manufacture by the higher duties of the tariff of 1824? It was this. When the author comes to the year 1827 (remember, sir, it was "the period of protection") he has to state—

That the woolen interests at this time, as well as the agricultural branches connected with them, found themselves suffering under the severest depression and unable to struggle with the various adverse influences by which they were surrounded. (Volume 2, page 313.)

Well, sir, in 1829 another year of this kaleidoscope period of "protection and prosperity," the same historian has to record that:

The continued distress of the woolen manufacturers, who had been fast sinking under foreign competition or, with very few exceptions, had barely sustained themselves in the hopes of some permanent measures for their relief and the equally depressed condition of the iron interest, produced a resolution of the House empowering the Committee on Manufactures to send for and examine persons on oath concerning the present condition of manufactures, &c. (Volume 2, 321.)

So, sir, it appears that during this period of high-tariff protection dis-



stress to an unusual degree prevailed among the cotton manufactures in 1829; that the woolen interests were suffering then, as in 1827, under "the severest depression," and that in 1828 the iron interests were "in an equally depressed condition."

Another fact worthy of consideration is that in that period of high protection our foreign tonnage steadily decreased, and at the end of the period had fallen off thousands of tons; our coasting tonnage fell off still more. Its effects upon the capacity of our manufacturers to meet the competition of foreign countries were still more marked. During that same period our exports of American manufactures declined steadily to the close. It is also true, sir, that if in this period prosperity bloomed around the manufacturing sections adversity brooded over others. Here is a picture not so attractive as Mr. Clay's, but quite as graphic and more true to fact.

Mr. Calhoun says:

Desolation spread itself over the entire staple region; its commercial cities were desolated. Charleston parted with her last ship and grass grew in her once busy streets; the political condition of the country presented a prospect not less dreary—a deep and growing conflict between the two great sections agitated the whole country and a vast revenue beyond its most extravagant wants gave the Government boundless patronage and power which were rapidly changing the character of the Government and spreading corruption far and wide through every condition of society.

Sir, if manufactures could not prosper during that period their case would indeed be a hopeless one; with seven years of embargo and war, free from all foreign competition, nine more of protection, ten more of extreme protection, certainly, sir, they had an opportunity to lay the foundations of their prosperity broad and deep.

1833-1847.

The Senator from Maine says the period from 1833 to 1847 was one of free trade and adversity. It was a period of compromise, of progressive reduction from protective to revenue duties. What I mean is, that the compromise act which passed in 1833 provided that all duties on imports exceeding 20 per cent. on the value thereof should be reduced after the 31st of December following one-tenth of the excess above 20 per cent., and that a like reduction should be made every second year until 1841, when one-half of the excess remaining should be taken off and the remaining half after the 30th of June, 1842. But the effect of the lower or revenue standard of duties was never tested, for the compromise act was repealed in 1842.

This has been designated also as a period of adversity. Mr. President, there are many who have insisted that even in spite of the financial troubles which grew out of a disordered currency during that period, agriculture, manufactures, and commerce all made greater progress under the compromise act than they did under the high protective tariffs of 1824 and 1828. I do not make this assertion myself, for my purpose is not to show that manufactures were more or less prosperous at any one period than at another, but that they were able to maintain themselves equally with other industries. At the same time I must say that there are some striking facts in support of their assertion. I have mentioned that the tonnage fell off under the tariff acts of 1824 and 1828 very largely, and the exports of manufactured products also decreased. Under the compromise tariff the tonnage at once began to increase until at the close of the period it had nearly doubled itself.

The exports of domestic products also increased under the compro-

mise tariff, and though checked by the financial embarrassments of 1836 and 1837, yet in nine years the exports of American manufactures greatly increased, such was the effect of low duties in enlarging the market for our manufactured products and infusing into our manufacturing industries the vigor to compete in foreign markets, and the same was true of our agricultural interests.

Under this system of progressive reduction new factories were springing up over the country and old ones undergoing large extensions. I can not take up the time of the Senate in reading the account of them as given by this history. I may avail myself of the privilege accorded me to append a short synopsis of the most important.

#### 1833-1843.

Fall River, Massachusetts, where the first cotton-mill was erected in 1812, had in this period, from 1833 to 1843, thirteen cotton factories, one satinette factory, employing one hundred and fifty hands, and the Anawam iron-works and nail factories.

The Work Manufacturing Company of Saco, Maine, completed a new four-story cotton-mill in the place of one destroyed by fire, and within the next four years added two other large mills. They had also at this time a rolling-mill and a nail factory.

The cotton manufactures exported in 1833 amounted to \$2,532,567.

In New Jersey there were sixteen extensive factories of saddlery and harness; ten carriage factories having seven hundred and seventy-nine workmen, and shoe factories eighteen in number; thirteen tanneries; considerable manufactures of iron and brass cannon castings, and malleable-iron coach-springs, tin, sheet-iron ware, and stoves, hardware manufactures and two patent leather manufactures. About \$200,000 manufactures, principally shoes, were sent to New York in two days during 1833.

The Novelty Works, for the manufacture of platform scales and domestic hardware, established at Pittsburgh, Pennsylvania.

A gimlet factory at Wakely, Brickley, and Keene and Franklin Counties, New Hampshire, and one in Connecticut. The new twist gimlet was considered as much superior to the old English gimlet as the American screw-anger was to the old auger.

In 1834 the American market was in a great measure supplied with domestic carpetings of all kinds. In that same year the foreign articles consumed in the country, after deducting teas, wines, coffee, and spices, did not exceed \$500,000,000 per annum, while the value of the manufactures of the United States was estimated at \$350,000,000 per annum.

New machinery for spinning flax and hemp for cordage introduced into New York.

Great perfection at this time exhibited in the art of casting iron. Iron castings at Albany, New York, were particularly noted for excellence, and were equal to any in the world. The hollow ware of Bartley, Bentz & Co. were preferred to the best Scotch castings, and American stoves received the preference wherever known. The recent progress in the manufacture of American hardware was indicated by the increasing number of articles of domestic production which composed the stock of the hardware merchants. Several dealers in the principal cities devoted themselves chiefly to the sale of American hardware. Hammered brass kettles, or battery, began at this time to be first made in the United States.

Wood screws first made this year by machinery at Providence, Rhode Island. The Ames Manufacturing Company commenced operations this year in an establishment erected at Cabbotsville.

American axes and locks acknowledged to be the best in the world.

Oliver Ames, of Eastern Massachusetts, had at this time three extensive shovel factories, one at Easton, one at Baintree, and one at East Bridgewater, and his estimated profits were \$15,000 per annum.

In 1835 hair-cloth manufactures were established at Deerfield, Massachusetts. Six companies incorporated by Massachusetts for the manufacture of india-rubber goods.

Boston and Lowell Railroad opened for travel.

Several cotton factories erected.

The Newport Manufacturing Company, opposite the city, established. Employed 200 hands. Made woollen goods, cotton bagging, cotton yarn, and bale-rope, to the value of \$281,000.

Manufactures of Covington amounted to \$508,500, of which \$200,000 was the product of an iron rolling-mill and nail-works.

The arrival of steamboats at New Orleans this year estimated at 2,300, an increase of 700 since 1832.

The Howe Manufacturing Company was established this year at New York, and another at Derby, for spin-head pins.

The manufacture of locomotives was begun in New York by Thomas Rodger, the eminent manufacturer of cotton machinery and railroad work.

Fourteen locomotives built this year at Philadelphia and forty in 1836. The Norris Locomotive Works also in operation. One of his engines, the George Washington, established his reputation as a builder, and he added other improvements the same year.

Nearly 100,000 wood and brass clocks made this year in Connecticut.

An immense number of patents taken out for all kinds of improvements in machinery.

In 1836 charters were granted in Massachusetts to seventy-three manufacturing companies and to thirteen railroad companies.

First manufacture of wrought-iron tubes and fittings for gas and steam works in the United States began this year at the Paschal Iron Works, in Philadelphia.

One of the most extensive copper mines in this country was opened about this time in Bristol, Connecticut.

The productive value of all branches of manufacture, including raw material, in the city of Pittsburgh, Pennsylvania, was estimated at \$15,575,440; sixty-one steam-boats built there this year.

The celebrated Eagle Brewery of Vassar & Co. erected at Poughkeepsie, New York.

India-rubber factory put up at Troy, New York.

A large ingrain-carpet manufactory put up at Poughkeepsie, New York.

Thirty-seven experiments in smelting iron with anthracite coal began this year and successfully accomplished; seventy-six furnaces in operation, thirty-seven for casting iron.

The manufacture of machinists' tools commenced at Nashua, New Hampshire.

One of the most complete wire manufactories in the country was that at Fallstown, Beaver County, Pennsylvania.

Pressed-glass tumblers and other drinking-vessels were first made at this time.

Covered coat-buttons were extensively manufactured at Haydenville, Massachusetts.

A large number of charters granted this year.

Rich veins of lead ore were opened at this time.

The Howe Manufacturing Company commenced this year the manufacture of solid-headed pins.

The manufacture of gold spectacles and of gold and silver thimbles was commenced this year at Long Meadow, Massachusetts.

The above is a mere abstract, but is taken exactly from the text of Bishop's work, though not in the order in which they appear.

It was during this period, 1837, that "experiments in smelting iron ore with anthracite coal were begun and successfully accomplished," opening up a new era in the manufacture of iron.

Referring to the decade from 1830 to 1840, Bishop says:

We are now approaching a period when the manufacturing industry of the country, established on a solid and permanent foundation, had attained such wonderful expansion that it is no longer possible to trace its progress in detailed statements or isolated facts. In spite of temporary checks and adverse legislation the Anglo-Saxon steadily widened the circle of his enterprises until the sound of his hammer rung throughout the whole extent of the populated portion of the Republic.

What, Mr. President, do you suppose was the "adverse legislation" referred to? Nothing, sir, but the gradual reduction of taxes under the compromise act! It is further stated that the production of cotton goods had increased in the ratio of 130 per cent.

It is also stated that "the iron manufacture constituted one of the industries of the country, which though temporarily depressed at this time in common with most branches of trade and commerce showed a gratifying result in the past ten years."

I leave this period with the single remark that notwithstanding the depressions consequent upon the financial panic of 1837, manufacturing industry under the operation of this compromise tariff (whether

you style it free trade or protection) had become vigorous, expanded, and capable of entering on equal terms the field of universal competition.

1843-1847.

From 1842 to 1847 the Senator says was the period of protection and prosperity. The tariff of 1842 was enacted under these circumstances: In 1840 there was a great political revolution which swept the Democracy out of power and brought the Whigs in. Contrary to the expectation of the people and in violation of their pledges and in violation of the compromise of 1832 that law was repealed and the tariff of 1842 was enacted, for which the Whig party was hurled out of power in the subsequent elections, and the tariff of 1842 was repealed as soon as the Democracy could get the opportunity. The consequence was that it was not in operation over three years and eleven months, and to attribute the impulse and revival of industries in this country which began before that tariff was enacted and continued after it was repealed through a long period of unexampled prosperity, is simply to make an assertion which needs no reply.

1847-1861.

"The next period of free trade and adversity," says the Senator, "was from 1847 to 1861." Sir, it was a period of revenue tariffs with the incidental protection that such tariffs afford. I remember well, sir, the circumstances under which that tariff was enacted; I was one of a class of students who read the Congressional debates of that day; I recollect the predictions of evil and the promises of good made by the opponents and advocates, respectively, of that measure; I remember well the prophecies of what would be its ruinous effects; they predicted that American manufactures would expire under its baleful operations, and that our country would become little more than a commercial dependency of England.

I remember, also, the promises of good which its friends made in its behalf. I am almost tempted to read to the Senate a portion of the great report of Robert J. Walker, in which he depicts the future grandeur and glory of the country in all its interests as the effect of the revenue tariff proposed by him. Sir, time has passed; which was right? Whose predictions have been verified, the prophets of evil or the promisers of good? Did that tariff entail ruin and destruction upon manufacturing industries? On the other hand, did it not accomplish that which its friends and advocates promised it would achieve? Sir, we might well allow the history of the effects of that tariff to be written by its strongest and most uncompromising opponents.

I will, therefore, for the last time, invoke the testimony of the historian, and I would say here there is not in this Senate a more intense and unqualified advocate of protection than the author of the work I have been quoting. There is not a chapter, and I might say hardly a page of it, in which he does not dwell upon the benign influence of legislative fostering upon the growth of manufactures, and upon the depression and checks which they suffered from legislative neglect. It has been difficult to even quote his statement of facts disengaged from the political opinions with which he connects them. Speaking of the immense extension of domestic manufactures in the decade from 1840 to 1850, he says:

The astounding fact was revealed that the capital invested in manufactures, not counting any establishment that produced under \$500 a year, exceeded \$550,000,000, and that the annual product had reached \$1,019,000,000.



He proceeds:

Vast as this production is, we find ten years later an increase of more than 86 per cent., and if to this amount was added the very large amount of productions below the value of \$500 (of which no official cognizance is taken) the result would indeed be one of startling magnitude.

1850-1860.

Sir, from 1850 to 1860 the wealth of this country increased, as estimated, 126 per cent. During that same period the capital in manufactures increased 90 per cent., the product 86 per cent., and the profits on capital 47 per cent. It is stated by Mr. Bishop that in this period the capital in pig-iron increased nearly 50 per cent., and the product over 50 per cent. In bar, sheet, and railroad iron capital increased over 45 per cent., products over 100 per cent., and profits rose from 18 per cent. on capital to 30 per cent. Steel products rose during the same period tenfold. In the same decade the capital of cotton manufactures increased 29.6 per cent., products nearly 80 per cent., and profits from 13 $\frac{1}{2}$  to 45 per cent. In the same decade the capital of woollen and worsted manufactures increased 18 per cent., products 41 per cent., and profits rose from 43 to nearly 50 per cent. Agriculture prospered in corresponding ratios. I am indebted for these figures to the able and exhaustive speech made by a distinguished gentleman from Virginia, Mr. J. RANDOLPH TUCKER.

1861-1881.

This is a period, sir, which the Senator says is the period of protection and prosperity. It is the period which we are now in. I have no desire to compare this period with that under the revenue tariff. The distinguished gentleman to whom I have already referred [Mr. TUCKER] has done that in a manner far beyond the happiest efforts of my humble powers. My object is a different one. I simply wish to show the fact that through revenue duties, through the periods of so-called free trade, through periods of depression, through periods of every kind, manufacturers have continued to grow at a pace corresponding with the wants of the country, and have taken no step backward under any circumstances and have been overwhelmed by no adverse fortunes. My purpose has been to convince Senators that if they wish to respond to the demands of the people for reduced taxation, apprehension as to its effect upon manufactures need not stand in the way to obstruct this popular aspiration.

I might devote some of my time to the discussion of the present condition of manufactures under the protective system now in operation. I do not deny that our country has progressed. There never has been a period in which we have not increased in prosperity, and that, too, in advance of our increase of population. If I desired to go into the causes of this grand and rapid development of our material civilization, one among the chief I would say was, not our restriction upon foreign trade, but the fact that we have on this continent the grandest exhibition of the blessings and benefits of that absolute freedom of commerce between the States which our Constitution has established. Nowhere on earth has commerce been so unrestricted, upon such a scale, and through such vast sections, divided by great mountains and rivers, and abounding in all varieties of soil, climate, productions, and conditions. Suppose we had reversed our constitutional policy and instead of having the free trade which has prevailed throughout all the States, there had been custom-houses

erected along the boundaries of each particular State, would not the picture of our civilization be reversed?

But, sir, to return to the point from which I started in the beginning of these remarks, what is the condition of your manufactures under this protective system? Why are they depressed? Why are they tottering on the verge of universal bankruptcy, according to their own representations? It can not, as in 1837 and in 1817 and in 1857, be attributed to financial crises, for never was our currency in a better condition than it is at this time. It is perfectly sound and it is plentiful. There is but one embarrassment possible—and that is one which has not yet developed itself—growing out of the overvaluation of our silver. I repeat, sir, there never was a time when the currency of the country was in a condition more favorable to the prosperity of industries than it is now, in its uniformity and in the steadiness of exchanges.

In 1873 there was the same sort of distress that exists at this time. I do not say that it grew out of the protective tariff. It was the result of the sudden contraction of the currency following an enormous inflation. It was one of those terrible currency disasters—not like the ones to which I have just referred, violent in their outburst and brief in their duration—but like some fatal epidemic it spread deep and wide, desolating one community after another, until gloom and ruin settled upon all. I repeat, sir, while the protective system is not to be reproached as the cause of this wide-spread distress, it is certainly true that it could not shelter its protected industries from the devastation. But, sir, this distressed condition of manufactures is not confined either to the present time or the financial crisis of 1873.

In 1868, long before the catastrophe of 1873, when the protective system was in its full play, what was the condition of your manufacturing industries? Sir, I will not trust myself to depict that condition, but will quote from a Senator who is the leading champion here of the protective system, and in that character sings annually its *io triumphe* to the Senate. Mr. MORRILL, of Vermont, in 1868, in the Senate, made the following remarks:

Look at the industries that are at the present moment unusually depressed. Take for instance the entire woolen interest. There is not an establishment that is not losing money to-day. Take the wool-grower; not a pound of wool raised last year that will bring 10 cents per pound of its cost. Take the cotton interest. The whole circle of manufactures are in no better circumstances. Look at the value of their stocks. For instance, take the Bates manufacturing stock, of Maine. \* \* \* And so I might go on almost through the whole list. They all suffer. Take the West—Ohio, Illinois, or Iowa. Look at their hog crop. Why, if they had given away all their hogs, or if they had slaughtered them a year ago and thrown them away, they would have been better off to-day. They have absolutely lost their hog crop by feeding out grain to them which unfed would have brought more than all their pork.

Mr. KELLEY, in the House of Representatives, in a speech delivered January 18, 1868, said:

The loom and the spindle, no longer able to yield a profit to their proprietors, stand idle; the fires are extinguished in forge and furnace, and the rolling-mill does not send forth its hum of cheerful and profitable industry. On one day of last month 1,800 operatives in the glass factories of Pittsburgh were deprived of the privilege of earning wages by honest toil at the trade in which they were skilled; the establishments in which they worked are closed. In the absence of productive employment for men or machinery, the smaller holders of bonds are selling them to save themselves from bankruptcy if they are proprietors of establishments or to feed themselves and families in involuntary idleness if they are laborers whose hard-earned savings have been loaned to the Government in its exigency. Look where we may, to any section of the country, we hear of shrinkage in the value of manufactured goods, of reduction of wages or of the

hours of labor, or factories running on part time or closed or to be closed. I present no jaundiced or partisan view of the case.

Sir, these are not the accusations of an enemy to the protective system; they are the reluctant admissions and confessions which inexorable fact extorts. Behold, sir, the fruits of the protective system! Depression, poverty, impoverishment, and ruin in 1868; in 1873, impotent to stem the tide of financial ruin that swept far and wide the wrecks of capital and labor; and in 1883, the entire fabric of manufacturing capital and labor resting upon the narrow and uncertain basis of Government taxation.

Mr. President, I intended to discuss somewhat in full the economical principles of this system, but it has taken me so much longer than I supposed it would to present the historical argument that I shall not do so. There is one point, however, to which I will call the attention of the Senate, for I think it is one upon which the advocates of this system now mainly put their support. It is this: that the difference between the wages of labor in this country and in England and the rest of Europe is so great that unless a tax is put upon the imported article equivalent to that disparity of wages the American manufacture of the corresponding article is unable to compete with it; that unless a system of duties is arranged so as to cover by taxation this disparity the American industry must perish in the unequal conflict.

I think the argument is a fallacy. The general rule is, that the nation whose capitalists employ labor at highest wages has the advantage in competition with those countries whose capitalists employ labor at lower wages. Who, sir, is our most formidable competitor, not only in the markets of the world, but here in our own market? Is it the nation that pays the lowest wages for labor? It is England, sir, that pays the highest wages for labor of any in the civilized world, our own, perhaps, excepted. I repeat, it is England that pays wages far above those of France, or Germany, or Belgium, or Russia, and yet occupies their own markets with her products until they are driven, even with their low wages and cheap labor, to throw up a wall of protective and prohibitory duties against this formidable commercial rival.

The products of the higher-waged labor of English manufactures vie with us on our own soil. We, with our bulky and perishable products of the field transported to the seaboard and thence across the ocean, occupy and possess the markets of the world against the product of laborers whose wages per diem would not pay for the dinner of an American laborer. In the markets of England, France, and Germany our cotton and cereals and meats meet in successful competition the low-waged labor of Russia, of India, of Egypt, and even the slave labor of Brazil. Sir, in the face of the fact that the two highest wage-paying nations of the world are the ones whose products—England with her manufactures and America with her staples—undersell all others, this fallacy of high wages must do disservice to the cause that relies upon it.

There is no principle better understood among political economists than the distinction between the wages of labor and the cost of labor in relation to profits; and in spite of the sarcasms which are so often launched at this science by those whose contempt for it will not allow them to study and understand its principles, I will invoke its authority. I quote Fawcett's *Political Economy*, page 169:

In any given case, the more that is taken in the form of profits, the less will be given in wages. If wages take a larger share of the produce, profits must take a smaller share. Suppose, however, that industry, by the introduction of new

machinery, is rendered more productive, there will then be a greater quantity of produce to be distributed and more may be apportioned to profits without the slightest reduction in wages.

On page 170 he says:

Mr. Mill has shown that the correct way of stating the principle is, that the rate of profit depends on the cost of labor. The cost of labor is determined by comparing the wages the laborer receives with the amount of wealth which is produced by his labor. If, therefore, labor is rendered more efficient, the cost of labor is manifestly diminished, because either more produce is raised by the payment of the same amount of wages, or an equal amount of produce results from the expenditure of a smaller sum in wages. When labor is rendered more efficient, it has been shown that the rate of profit will rise, although the same amount is paid in wages. The rate of profit therefore varies inversely with the cost of labor.

Fawcett gives an illustration of this in the following language:

The worst land which is cultivated in Australia is far more fertile than the worst land cultivated in England. Hence, agricultural labor being applied to a more productive soil is far more efficient in Australia than in England. The same amount of labor which is employed upon the poorest farms in England would, if applied to any land which is cultivated in Australia, cause a great deal more produce to be raised. Hence, in consequence of the increased efficiency which is thus given to agricultural labor in Australia, the wages of agricultural laborers may be higher in Australia than in England, and yet the cost of this labor in Australia may be less than it is in England.

Again:

The difficulty arises from confusing wages with the cost of labor. Wages may be very low, and yet the labor be so inefficient that the cost of labor may be extremely high.

In an excellent work recently published, *Political Economy*, by Francis A. Walker, I find the following:

**NOMINAL AND REAL COST OF LABOR**—Another distinction which requires to be observed is that between wages and the cost of labor. It is possible that an employer may pay high wages and yet the cost of the labor to him may prove to be low by reason of the laborer's superior efficiency. On the other hand the employer may pay wages on which the laborer can only live most miserably and yet the employer be greatly straitened to get back these wages in the value of his product—so poor and wasteful may be the services rendered.

And again:

It is probably true that as a rule the highest paid labor is that which costs the employer least. This is evidenced by the two facts, that generally speaking employers when they reduce their force discharge their lowest-paid laborers first, and that generally speaking it is the countries where the lowest real wages are paid which feel the necessity of imposing commercial restrictions to keep out the products of others. Thus India, where the cotton-spinner gets only 20 pence a week, is flooded by the cottons of England where the spinner receives 20 shillings. (See paragraph 292.)

Among all fully settled countries, the rule without exception, so far as I am aware, is that that country in which the higher wages are paid offers its products at lower prices than the competing products of countries where the lower wages are paid. (See paragraph 496.)

It is not high wages in the United States which hinders the successful competition of American manufactures with the products of England. The protective system itself interposes a much greater hinderance in the increased cost of production which it has always brought about. This has often been shown by the history of all protective tariffs. But if further proof were required these two large volumes given us by the Tariff Commission are full of irresistible evidence that the whole effect of all past protection from 1861 to 1883 has been to make the manu-



facturers more clamorous for protection than ever and more afraid of foreign competition than ever.

I do not therefore propose to repeat the argument so often made that a high protective tariff raises prices and thereby so increases the expenses of manufacturing as, sooner or later, to make the cost of producing equal to that of the imported articles with the duty added, thus creating a necessity for still higher duties. It has never been answered.

The Senator from Texas [Mr. COKE] so forcibly presented this point in his speech last year that it answers my purpose to quote his remarks here, literally:

So it was in 1789, when the first tariff law was passed, with an average ad valorem duty of 8½ per cent., its operation limited to 1796, avowedly "to give our infant industries a start," and only temporary. The very next year tariff duties were raised to an average of 11 per cent. In 1792 they were raised to 13½ per cent. In 1816 the average rate of duties was 30 per cent. under additional legislation which had been passed in the mean time. Under the tariff of 1824 they were raised to an average of 27 per cent., and under the act of 1828, just forty years after the first tariff law had administered an aliment of 8½ per cent. as a purely temporary expedient to our "infant industries," the rations of that "infant" were increased to an average of 41 per cent. It is always thus with industries taken out of the pure, bracing atmosphere of free competition and healthy, hardy self-reliance, into the hot-house of Government protection, to be fed on the stimulants of Government bounty—the cry forever is "More! More!" On the 11th of July, 1832, the tariff was again remodeled in the interest of high protection, and out of this act grew the South Carolina nullification troubles.

But there is another mode by which this same result (*i. e.* increased cost of production) occurs under the protective system. It is thus most clearly and forcibly put by Mr. J. S. Moore in his most interesting and admirable essay read before the Tariff Commission.

After showing how insignificant would be the duty needed simply to cover the difference between the wages here and in England for the manufacture of woolen goods, that gentleman says:

Unfortunately protection begets protection; the cloth is protected because the wool is protected; again it is protected because the dye-stuffs are protected; once more it is protected because oil and chemicals are protected; then there is a cry that machinery is protected; in short, all and everything used to manufacture woolen goods is protected.

And he expresses the opinion that if put upon an equal footing with English manufactures as to free raw materials and free machinery the higher wages in the United States would not be a formidable drawback.

Mr. President, there is one competition which our manufacturing industry has to encounter that is more powerful in limiting its growth than perhaps any other cause. It is found in the inviting and bounteous fields of American agriculture. This was the case in our Colonial times; it is so now; and it will continue as long as we have fresh, virgin soil and large areas of territory for our people.

It requires high wages, the very highest, and even they are often insufficient to keep a man in workshop, mill, coal-pit, or glass foundry, when within his reach is a home of his own on his own land where in his double capacity of proprietor and laborer he and his family can enjoy the entire fruits of his own labor. It is not that the profits of farming are greater than other avocations; they are proverbially smaller at this time; but there is an instinctive tendency in the Anglo-Saxon blood to land-owning. This instinct gives to agriculture a social dignity and personal independence which compensate for its meager profits, and very often the cares and disappointments to which it is subject. The magic of the freehold is more potent than that of wages of hire. The

thrilling associations of the homestead, where wife and children live in security and peace and love, can not be measured by a scale of dollars and cents.

It is therefore the cheapness of lands and the superior attractions of agriculture which have made it the more powerful industrial competitor of manufactures.

Now, sir, the avowed object of the protective system is to counteract this superior attractiveness of agricultural industry and to divert capital and labor from it into manufactures. It is not protection against the competition of foreign pauper labor that the duties are levied, but against the competition of our own home agricultural industry. It is the competition of the industry which produces our exports, and which brings back imports in exchange, against which this tariff system is designed to operate, and hence its effects have never failed to arrest the increase of the production of wealth by means of agriculture, and to cause the profits earned in the field to be paid out to the forge and the mill. This point has been elaborated by other Senators.

Mr. President, if in the course of my remarks I have said anything which has left the impression that I am in the slightest degree indifferent to the progress of manufactures in this country, I have expressed myself unfortunately. If I have not impressed those who have heard me with my deep sense of the importance of them as diversifying our industries, as a source of national wealth, as a means of elevating and advancing the human race and ennobling our civilization through those great appliances of science and art by which the mighty powers of nature are made subservient to the wants of man, and if I have not expressed sympathy for them whenever I have been compelled to cast a vote that seemed not tending to foster by taxation their industries, it was because professions are so cheap that but little faith is attached to them.

If they would listen to me I would say to them that wisdom would dictate concessions material and large upon this question. I believe that the movement for revenue reform and lower taxation can be largely guided by them so as to cause no shock to existing interests if they will deal with it in a wise and sober spirit of concession and compromise. If we could on the one hand have a bill which would bring the duties down to a revenue standard, arrangements in the details looking to protection as an incident would find, I apprehend, but few opponents.

But I would warn them (in the kindest spirit) that it is impossible for any combination of capital or labor to resist a popular movement animated by a strong sentiment of moral right and justice.

Macanlay in one of his speeches—I think it was on this very subject of the tariff—once warned the monopolists of Great Britain, citing two signal events in history as containing for them lessons of wisdom and admonition. One was the wisdom, sagacity, and forecast with which the English aristocracy adapted themselves to the great popular movement of parliamentary reform. By taking part in it they were enabled to direct its movement safely and wisely for themselves, thereby retaining to this day their moral and intellectual ascendancy. He showed the reverse in the case of the French nobility, who, with dogged obstinacy, made a vain resistance to the great popular movement there, which resulted in their overthrow and banishment, eking out the remnants of their miserable existence as dancing-masters and music teachers in countries where they were strangers and aliens.

I, sir, have seen something of this in my own experience. I saw a great institution which was more firmly intrenched in statutes and organic law than the manufacturers are in this tariff law become an object of popular uprising. I was among those, sir, who shared in the attempt to resist it, and I saw that institution go down with all its vast capital, with all the political privileges which it conferred, with all the constitutional rights by which it was guaranteed, go down beneath the irreversible fiat of the American people. Sir, I warn the manufacturers of this country. The handwriting is upon the wall of this protective system, and I trust they will have the intelligence to comprehend its import.



